

Message Text

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PAGE 01 OECD P 30729 01 OF 02 201949Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-06 FRB-01 INR-05 IO-10 NEA-06 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 SWF-01

OMB-01 AEC-05 DODE-00 FEAE-00 FPC-01 H-01 INT-05 L-02

NSC-05 PM-03 SAM-01 OES-03 SS-15 STR-01 PRS-01 PA-01

USIA-06 OIC-02 AGR-05 /125 W
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P R 201938Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 4858

INFO AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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AMEMBASSY OSLO

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 30729

E.O. 11652: GDS

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PAGE 02 OECD P 30729 01 OF 02 201949Z

TAGS: ENRG, OECD, NO

SUBJECT: IEA: GOVERNING BOARD MEETING DEC. 18-19:
NORWAY

1. BEGIN SUMMARY: THE FOLLOWING ARE HIGHLIGHTS OF GOVERNING BOARD DISCUSSION OF NORWEGIAN AFFILIATION ISSUE AT DEC. 18-19 MEETING. GROUP (MINUS U.S. AND CANADA) AGREED AD REFERENDUM ON TEXT OF DRAFT AGREEMENT BETWEEN IEA AND NORWAY. TEXT OF DRAFT AGREEMENT, DRAFT ENTRY INTO BOARD MINUTES, AND PRESENT POSITION OF GB ON THIS ISSUE ARE CONTAINED PARAS 6-8 BELOW. END SUMMARY

2. AT DEC. 18 GOVERNING BOARD SESSION, CHAIRMAN DAVIGNON REPORTED ON NEGOTIATIONS HE HAD CONDUCTED WITH GON IN RECENT WEEKS IN EFFORT TO DRAFT AGREEMENT FOR SPECIAL AFFILIATION BETWEEN NORWAY AND IEA. DISCUSSION AT FIRST DAY'S SESSION INDICATED THAT SOME MEMBERS FELT DRAFT TEXT CIRCULATED BY CHAIRMAN WAS TOO OPEN-ENDED, AND PROVIDED UNFORTUNATE PRECEDENT FOR OTHER OECD GOVERNMENTS WHO MIGHT SEEK SIMILAR AGREEMENT FOR THEMSELVES. CANADA STRESSED THAT TEXT MIGHT CREATE DIFFICULTIES FOR GOC ADHERENCE TO IEA SINCE, AS NET EXPORTER(AT LEAST FOR PRESENT), CANADIAN POSITION WAS SIMILAR TO NORWAY'S AND CANADIAN PARLIAMENT MIGHT PRESS FOR SAME STATUS FOR CANADA.

3. ASSISTANT SECRETARY ENDERS POINTED OUT THAT TEXT WAS DEFICIENT IN TWO MAIN RESPECTS: FIRST, IT FAILED TO INDICATE A POSITIVE PRESUMPTION THAT NORWAY WOULD ACT WITH THE GROUP IN AN EMERGENCY, UNLESS THERE WERE CLEARLY OVERRIDING NATIONAL REASONS WHICH PREVENTED HER FROM DOING SO (WHICH THE GROUP WOULD, OF COURSE, RESPECT) SECOND, THE TEXT DID NOT ESTABLISH FULL MEMBERSHIP IN THE GROUP AS THE EVENTUAL GON GOAL. ENDERS SAID HE COULD UNDERSTAND THAT NORWAY MIGHT WISH TO AVOID A DIVISIVE INTERNAL DEBATE AT THE PRESENT TIME ON THE QUESTION OF IMMEDIATE FULL MEMBERSHIP, BUT HE FELT IT WAS NOT UNREASONABLE FOR THE GROUP TO DEMAND THAT IT BE ABLE TO LOOK FORWARD TO A FUTURE DATE WHEN NORWAY MIGHT BE A FULL MEMBER.

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PAGE 03 OECD P 30729 01 OF 02 201949Z

4. AT URGING OF SEVERAL DELS, DAVIGNON UNDERTOOK TO RENEGOTIATE TEXT WITH NORWEGIANS DURING EVENING OF DEC. 18. REVISED VERSION (CONTAINED PARA 6 BELOW) WAS CIRCULATED AT DEC. 19 SESSION. USDEL (BOSWORTH) NOTED THAT TEXT STILL DID NOT MEET OBJECTIONS RAISED BY U.S. ON PREVIOUS DAY, AND ADDED ADDITIONAL POINT THAT TEXT SHOULD MAKE CLEAR THAT MANDATORY DEMAND RESTRAINT TO BE ADOPTED BY NORWAY IN CRISIS SHOULD BE EQUIVALENT TO

MEASURES TAKEN BY OTHER MEMBERS IN GROUP. OTHER DELS (EXCEPT CANADA) SAID THEY THOUGHT TEXT WAS CLEAR IMPROVEMENT, AND SUPPORTED IT ON AD REFERENDUM BASIS, STRESSING THAT NORWEGIAN MEMBERSHIP WOULD PROVIDE VALUABLE ADDITIONAL EMERGENCY RESERVES TO GROUP AND WOULD CONTRADICT OPEC ARGUMENT THAT IEA IS "CONSUMER CARTEL." SPANISH DEL SAID SPELLING OUT OF "APPROPRIATE INSTITUTIONAL PROVISIONS" (I.E. VOTING ARRANGEMENTS) CALLED FOR IN PARA III WOULD BE NECESSARY BEFORE GROUP COULD TAKE FINAL DECISION ON DRAFT AGREEMENT.

5. DAVIGNON RESPONDED TO U.S. POINTS BY SAYING HE WAS CONVINCED GON AS GROWING NET EXPORTER WOULD NEVER ACCEPT TEXT STIPULATING FULL MEMBERSHIP AS EVENTUAL GOAL, ALTHOUGH PARA V MIGHT BE REVISED TO CALL FOR A REVIEW AFTER ONLY TWO YEARS. HE HAD ALSO BEEN UNSUCCESSFUL IN OBTAINING GON SUPPORT FOR LANGUAGE STIPULATING PRESUMPTION OF POSITIVE ACTION IN CRISIS. RE U.S. POINT ON

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PAGE 01 OECD P 30729 02 OF 02 202010Z

46

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 30729

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PAGE 02 OECD P 30729 02 OF 02 202010Z

MANDATORY DEMAND RESTRAINTS, HE AGREED THAT LAST PARA
LANGUAGE ON THIS POINT WAS NOT WELL DRAFTED BUT
EMPHASIZED THAT GON HAD INDICATED IT WAS PREPARED TO
TAKE SAME RESTRAINT MEASURES AS REST OF GROUP IN AN
EMERGENCY.

6. DRAFT AGREEMENT:

"THE INTERNATIONAL ENERGY AGENCY ON THE ONE HAND
AND THE GOVERNMENT OF NORWAY ON THE OTHER HAND -

CONSIDERING THE DECISION OF THE OECD COUNCIL ON
NOVEMBER 15, 1974, ON THE ESTABLISHMENT OF AN INTER-
NATIONAL ENERGY AGENCY OF THE ORGANISATION,

AGREEING ON THE NEED FOR THE AGENCY MEMBERS AS A
WHOLE TO ACHIEVE GREATER INDEPENDENCE IN ENERGY SUPPLY,

CONSIDERING THAT IN THIS RESPECT THE PARTICIPATION
OF NORWAY IS OF PARTICULAR INTEREST TO THE ACHIEVEMENT
OF THE OBJECTIVES OF THE AGENCY SINCE NORWAY IS LIKELY
TO HAVE A NET-EXPORT SITUATION IN FIELD OF OIL,

STATING THE BROAD AGREEMENT BETWEEN THE TWO PARTIES
TO PROMOTE THE OBJECTIVES AND TO ACHIEVE THE GOALS OF
THE IEP,

HAVE AGREED AS FOLLOWS:

I. NORWAY SHALL

1. IN CASE OF EMERGENCY INVOLVING SERIOUS SHORTAGE
IN OIL SUPPLIES, CONTRIBUTE, BY DECISION OF ITS GOVERN-
MENT, TO A SHARING PROGRAM BY ADDING TO NORMAL SUPPLIES
TO MEMBERS OF THE AGENCY SUCH ADDITIONAL DELIVERIES AS

MAY BE OBTAINED FROM APPROPRIATE DEMAND RESTRAINT MEASURES AND FROM THE ACTIVATION OF ANY STAND BY PRODUCTION CAPACITY THAT MAY EXIST.

2. ENTER INTO CONSULTATION WITH THE IEA WITH A VIEW TO SPECIFYING SUCH CONTRIBUTION AS REFERRED TO ABOVE WHENEVER THE AGENCY IS CONSIDERING THE ACTIVATION OF EMERGENCY MEASURES IN ACCORDANCE WITH CHAPTER IV OF THE "AGREEMENT ON AN INTERNATIONAL ENERGY PROGRAM".

3. ADHERE TO CHAPTERS V - VIII OF THE INTERNATIONAL ENERGY PROGRAM.

II. THE MEMBERS OF THE AGENCY SHALL:

INVITE NORWAY TO PARTICIPATE IN THE WORK OF THE GOVERNING BOARD OF THE AGENCY AND ITS SUBORDINATE
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PAGE 03 OECD P 30729 02 OF 02 202010Z

ORGANS.

III. FOR THE PURPOSE OF THIS AGREEMENT THE APPROPRIATE INSTITUTIONAL PROVISIONS SHALL BE DECIDED UPON AS SOON AS POSSIBLE BY THE TWO PARTIES IN THE GOVERNING BOARD.

IV. THE FINANCIAL OBLIGATIONS OF NORWAY TO CONTRIBUTE TO THE EXPENSES OF THE SECRETARIAT AND OTHER COMMON EXPENSES SHALL BE THE SAME AS THOSE OF THE MEMBERS AS SET OUT IN THE AGREEMENT ON IEP.

V. THE PRESENT AGREEMENT SHALL BE SUBJECT TO REVIEW WITHIN FOUR YEARS AFTER ITS ENTRY INTO FORCE."

7. DRAFT ENTRY IN THE MINUTES

"ON THE BASIS OF THE AGREEMENT BETWEEN THE IEA AND THE GOVERNMENT OF NORWAY, NORWAY IS AT ALL TIMES READY TO PARTICIPATE IN THE ELABORATION OF A DEMAND RESTRAINT PROGRAMME AS ENVISAGED IN ARTICLE 5 OF THE AGREEMENT ON THE INTERNATIONAL ENERGY PROGRAMME."

8. GOVERNING BOARD POSITION:

"THE GB: (A) NOTED THE REPORT BY THE CHAIRMAN ON HIS DISCUSSIONS WITH THE NORWEGIAN AUTHORITIES WHICH COVERED THE FOLLOWING POINTS:

- THERE SHOULD BE A FORMAL AGREEMENT BETWEEN THE AGENCY AND THE GOVERNMENT OF NORWAY, ALONG THE LINES OF THE TEXT WHICH APPEARS AT ANNEX I

(THIS CONCLUSION WAS ACCEPTED AD REFERENDUM)

- THE AGREEMENT WOULD BE SUBMITTED TO THE NORWEGIAN PARLIAMENT

- THE AGREEMENT WOULD CONTAIN PROVISIONAL APPLICATION PROVISIONS CORRESPONDING TO THOSE CONTAINED IN THE AGREEMENT ON AN INTERNATIONAL ENERGY PROGRAM

(B) REQUESTED THE SECRETARIAT TO DRAFT APPROPRIATE INSTITUTIONAL PROVISIONS AND TO REVISE THE DRAFT ENTRY

IN THE MINUTES FOR CONSIDERATION BY THE BOARD AT ITS
NEXT MEETING

(C) REQUESTED MEMBERS TO INFORM THE CHAIRMAN,
THROUGH THE SECRETARIAT, BY 15TH JANUARY 1975, ON
WHETHER THE DRAFT AGREEMENT COULD BE ACCEPTED IN
PRINCIPLE AND WHAT AMENDMENTS, IF ANY, SHOULD BE
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PAGE 04 OECD P 30729 02 OF 02 202010Z

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Message Attributes

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Disposition Authority: golinofr
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